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A concise easily digested periodic analysis based upon scientific research in real estate fundamentals and trends...Constantly measuring and reporting the basic economic factors responsible for changes in trends and values...Current Studies...Survey...Forecasts

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REAL ESTATE ECONOMISTS, APPRAISERS AND COUNSELORS

CHANGES IN REAL ESTATE AND MORTGAGE ACTIVITY

ALTHOUGH 1954 is expected to be a reasonably good year nationally in brokerage and lending, it will not be so good as 1953. A reasonable guess would be about 4,300,000 voluntary real estate transfers, which is a $6\frac{1}{2}\%$ decline from the 4,600,000 total reached in 1953 (the second biggest year on record). The number of mortgages will probably show a smaller decline (than $6\frac{1}{2}\%$), and the dollar volume will decline still less.

On a local basis the amount of brokerage and lending business done in 1954 is sure to show considerable difference from the national picture. There will probably be a handful of cities where business will improve steadily throughout the entire year. In others, the declines will be of varying intensities.

To help you make local comparisons more easily, we have drawn the series of charts on pages 58 through 63. These charts show the dollar volume of mortgages recorded in each of 60 cities for the years 1951, 1952 and 1953, and, in most instances, show the number of real estate transfers completed during the same period. The last time this study was published was in the January 1953 issue of the Real Estate Analyst on pages 22 through 27. If you want the 1950 totals, you will find them in that bulletin.

On pages 65 through 68 we show charts on the number of mortgages recorded in 34 different cities, contrasted with the number of real estate transfers. Although the dollar volume of mortgages is not available in these cities, we feel that the number of mortgages recorded might be helpful to you.

Of the cities charted on pages 58 through 63, 30 showed increased activity in 1953, while 28 showed declines. In Birmingham and Houston, activity continued to drop rapidly. Following a decline of 27.8% from 1950 to 1952, Birmingham had a drop of 14% in 1953. In Houston, real estate activity dropped 27% from 1950 to 1952, and dropped 29% in 1953 (from 30,788 sales to 21,949 sales). Kansas City had a rather sharp drop of 24% during 1953.

(cont. on page 64)

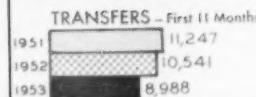
NOTE: For other comparisons of mortgage activity, see January 1954 Real Estate Analyst, pages 22 and 26 through 35. Other comparisons in real estate activity can be found in the October 1953 Real Estate Analyst, pages 434 through 447.

**COMPARISON OF MORTGAGE VOLUME AND REAL ESTATE TRANSFERS
FOR 1951, 1952, 1953**
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ATLANTA, GA.



BIRMINGHAM, ALA.



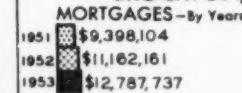
BOSTON, MASS.



BRIDGEPORT, CONN.



BROCKTON, MASS.



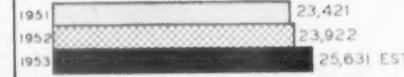
CAMBRIDGE, MASS.



CINCINNATI, OHIO



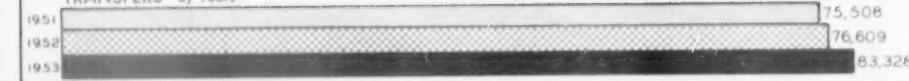
TRANSFERS—By Years



CHICAGO, ILL.



TRANSFERS—By Years



CLEVELAND, OHIO

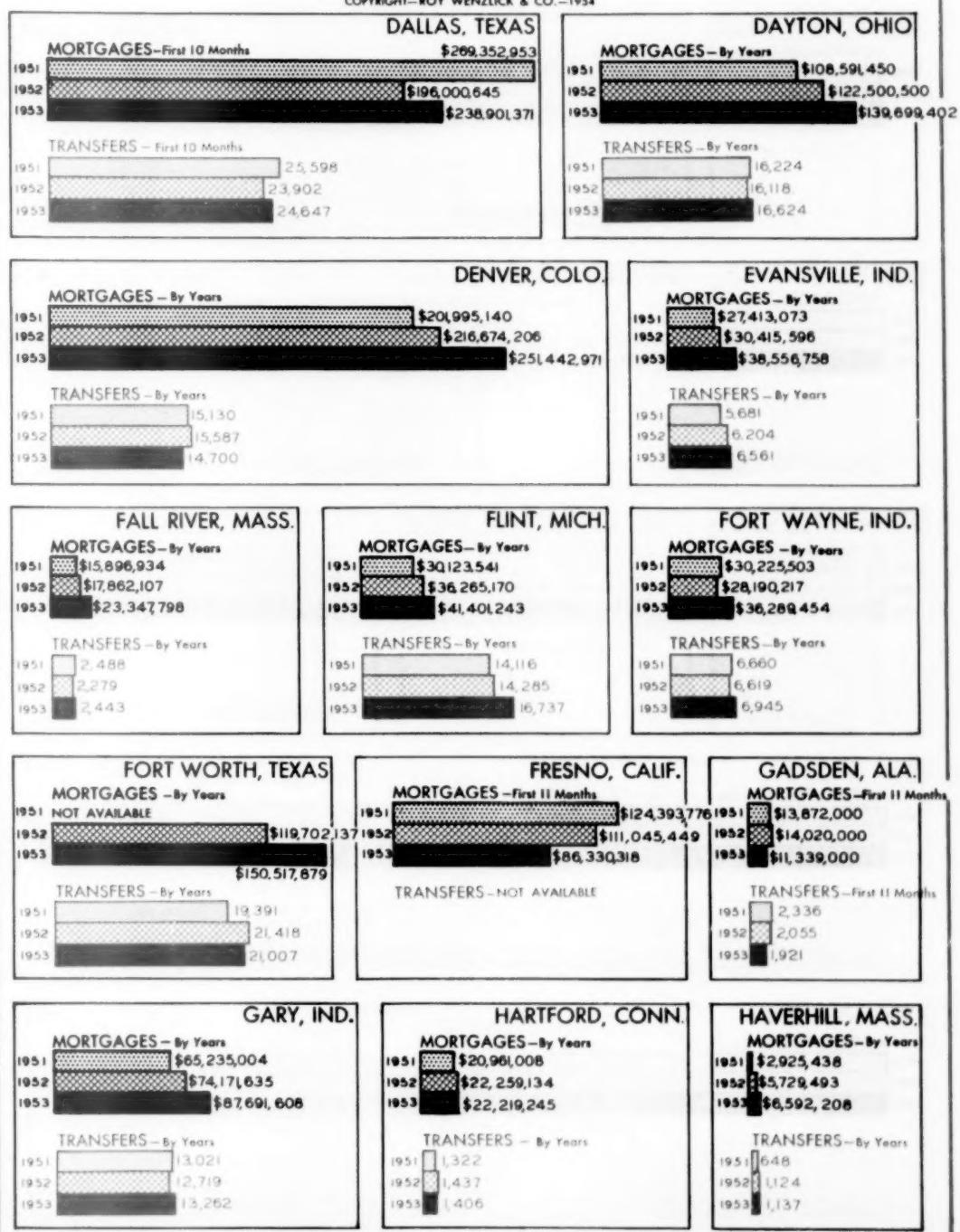


TRANSFERS—By Years

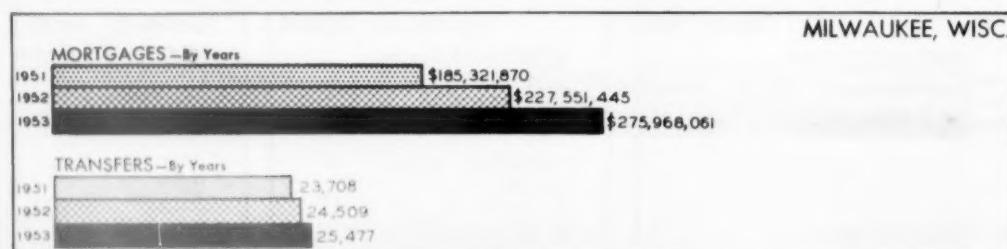
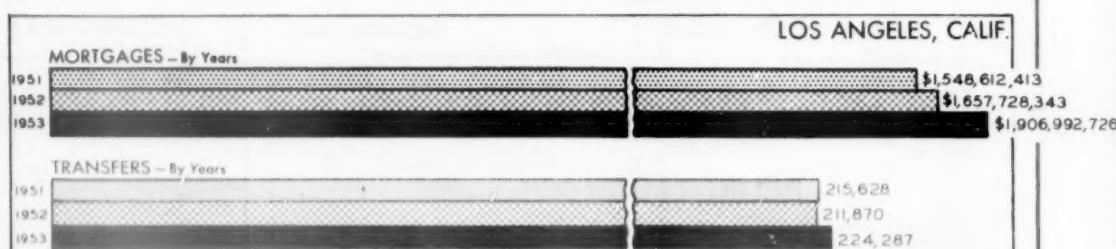
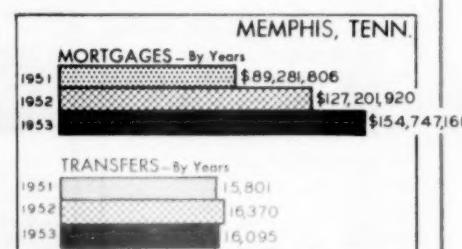
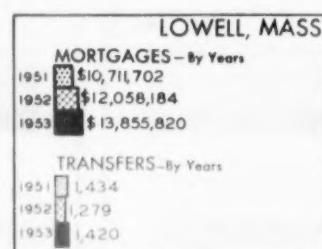
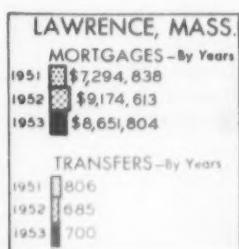
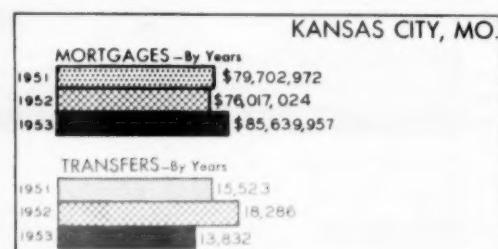
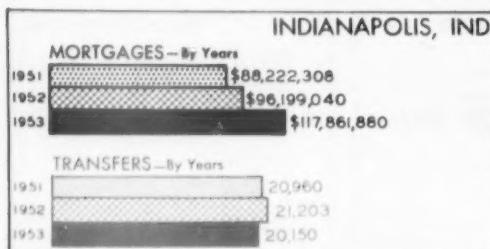
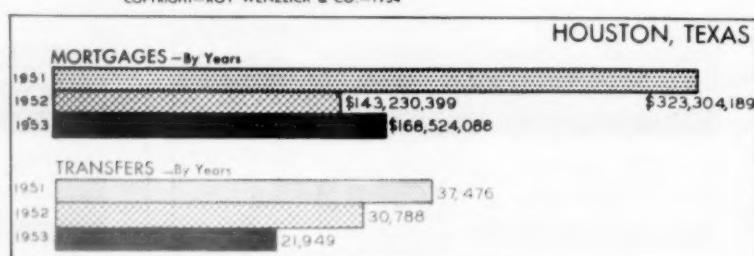
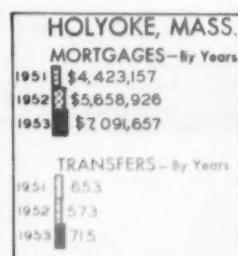


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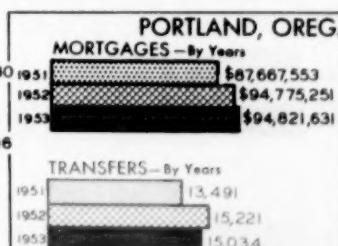
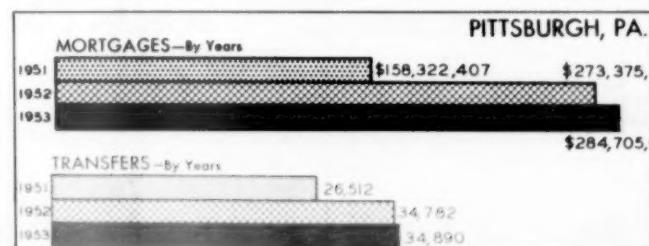
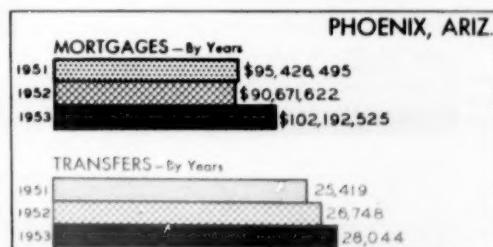
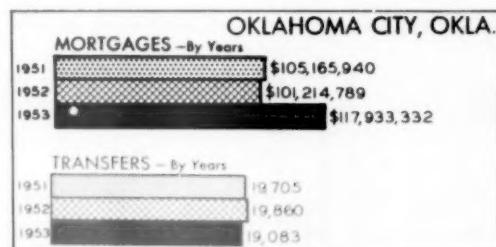
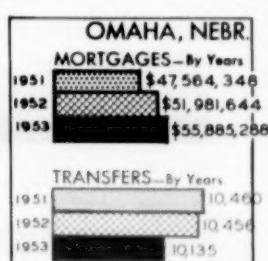
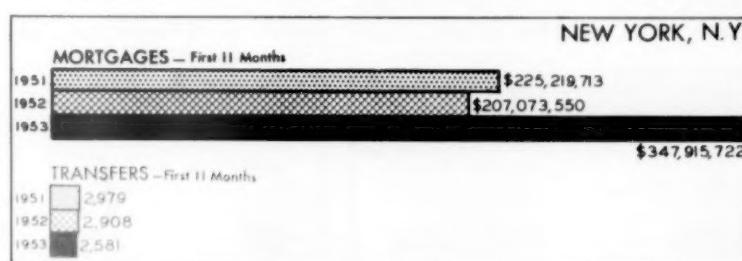
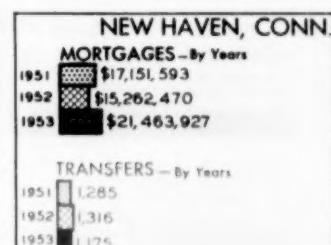
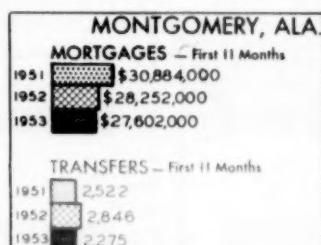
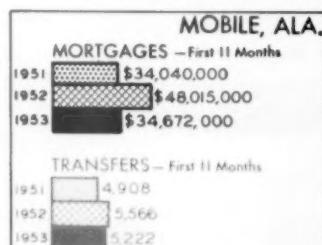
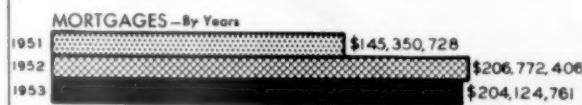
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MINNEAPOLIS, MINN.



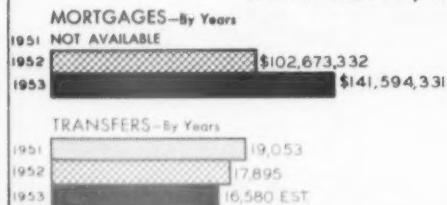
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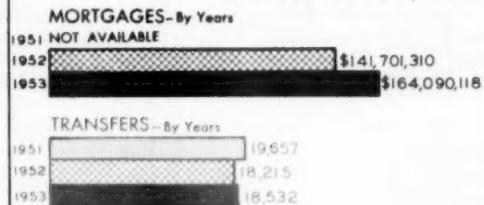
ST. LOUIS, MO.



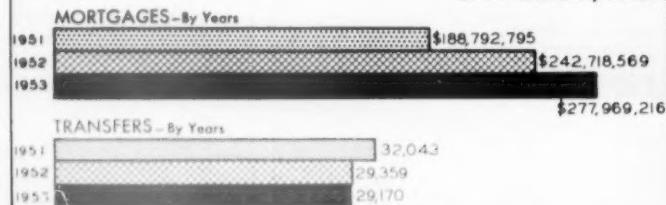
SAN ANTONIO, TEXAS



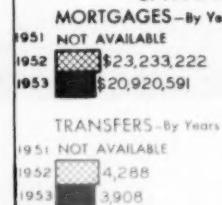
SAN FRANCISCO, CALIF.



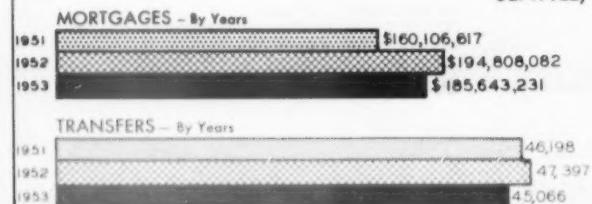
SAN DIEGO, CALIF.



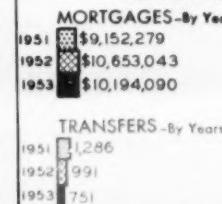
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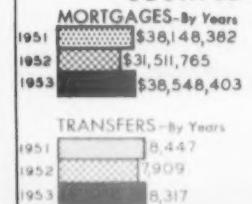
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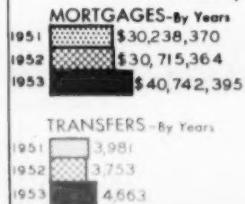
SOMERVILLE, MASS.



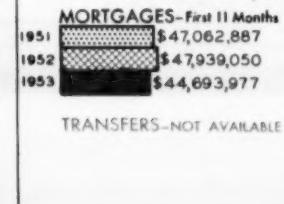
SOUTH BEND, IND.



SPRINGFIELD, MASS.



STOCKTON, CALIF.



**COMPARISON OF MORTGAGE VOLUME AND REAL ESTATE TRANSFERS
FOR 1951, 1952, 1953**

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TERRE HAUTE, IND.

MORTGAGES - First 10 Months

1951	\$8,475,700
1952	\$10,248,155
1953	\$12,074,075

TRANSFERS - By Years

1951	4,044
1952	4,059
1953	4,066

TOLEDO, OHIO

MORTGAGES - By Years

1951	\$86,971,372
1952	\$87,010,525
1953	\$88,787,992

TRANSFERS - By Years

1951	16,366
1952	15,426
1953	16,765

TUCSON, ARIZ.

MORTGAGES - By Years

1951	\$42,632,236
1952	\$69,216,128
1953	\$51,486,024

TRANSFERS - By Years

1951	12,149
1952	13,680
1953	11,470

TULSA, OKLAHOMA

MORTGAGES - By Years

1951	\$77,305,598
1952	\$67,513,716
1953	\$117,968,147

TRANSFERS - By Years

1951	12,458
1952	11,400
1953	11,264

WACO, TEXAS

MORTGAGES - By Years

1951	\$20,572,533
1952	\$27,864,722
1953	\$19,663,474

TRANSFERS - By Years

1951	5,700
1952	5,675
1953	5,050

WASHINGTON, D. C.

MORTGAGES - By Years

1951	\$202,290,014
1952	\$210,279,199
1953	\$220,978,222

TRANSFERS - By Years

1951	17,054
1952	15,925
1953	15,581

WATERBURY, CONN.

MORTGAGES - By Years

1951	\$14,002,190
1952	\$14,512,800
1953	\$18,640,268

TRANSFERS - By Years

1951	1,426
1952	1,461
1953	1,548

WORCESTER, MASS.

MORTGAGES - By Years

1951	\$26,018,688
1952	\$30,185,699
1953	\$27,398,022

TRANSFERS - By Years

1951	3,627
1952	3,255
1953	3,256

YONKERS, N. Y.

MORTGAGES - By Years

1951	\$154,261,990
1952	\$141,861,060
1953	\$179,786,140

TRANSFERS - By Years

1951	18,349
1952	18,102
1953	19,582

CHANGES IN REAL ESTATE AND MORTGAGE ACTIVITY

(cont. from page 57)

Of those cities with increasing activity, Chicago was near the top, with a rise of 9% above 1952 in the number of its sales. Los Angeles naturally continued to far outstrip any other city in the country, as it recorded almost a quarter of a million transfers in 1953 (224, 287). Incidentally, this represented a gain of 6% over its 1952 volume.

The most spectacular gain in the dollar volume of mortgages was found in Tulsa, where volume rose 73% last year. That this large increase was due primarily to a number of large mortgages is shown by the fact that the number of mortgages made in 1953 exceeded the number in 1952 by only 5.2%. Manhattan Island showed a somewhat similar gain in mortgage dollar volume - an increase of 70% in contrast with the preceding year. On the other hand, the number of mortgages recorded increased by only 4.3%. In New Haven, the dollar increase in mortgages was 40%, but 1953 showed a 13.7% drop in the number of mortgages in comparison with 1952. This would indicate that several large mortgages more than offset a drop in mortgage volume in the residential field. San Antonio showed a 38% increase in dollar volume, but an 11.1% increase in the number of mortgages. Indianapolis showed a 23% increase in dollar volume, but an 8.6% increase in the number of mortgages. Houston showed a drop in real estate sales, an increase of 18% in mortgage dollar volume, but a decrease of 10.6% in the number of mortgages recorded. In Houston, this would indicate that residential activity decreased, but that a number of large mortgages on larger buildings accounted for the increase in dollar mortgage volume.

Of the 34 cities charted on pages 65 through 68, 18 showed a rise in the number of transfers in 1953, while 14 showed decreases. The number of mortgages showed roughly the same trend, with 17 cities showing gains and 15 showing decreases. (In 2 cities no comparison with prior years was possible.) Most changes either up or down were relatively small. There were no spectacular increases recorded by any of these cities. On the other hand, there were two sizable drops. Salt Lake City showed a drop of 29% in the number of transfers, while Philadelphia showed a drop of 19%.

In these two groups of charts we have shown real estate transfer volume in 90 cities. In 48 of these cities, the number of real estate sales made in 1953 exceeded the 1952 number. In 42 of them, 1953 sales volume failed to measure up to the level reached in 1952.

We believe that a year from now a similar count on sales and mortgage volume in these cities will show a larger number of cities failing to equal the records of a year ago than we have experienced in the last 12 months. There will, of course, be some cities in which activity will increase, but we believe the general picture will be a slight drop in comparison with 1953.

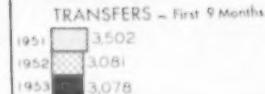
**COMPARISON OF NUMBER OF REAL ESTATE MORTGAGES
AND NUMBER OF REAL ESTATE TRANSFERS FOR 1951, 1952, 1953**

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AKRON, OHIO



ANDERSON, IND.



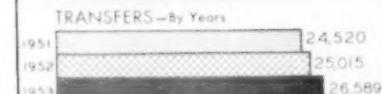
AUSTIN, TEXAS



BINGHAMTON, N. Y.



BUFFALO, N. Y.



CHATTANOOGA, TENN.

MORTGAGES - By Year

NOT AVAILABLE

1953

COLUMBUS, OHIO



DAVENPORT, IOWA



DETROIT, MICH.



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AND NUMBER OF REAL ESTATE TRANSFERS FOR 1951, 1952, 1953**

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DECATUR, ILL.

MORTGAGES - By Years

1951	2,089
1952	2,135
1953	2,027

TRANSFERS - By Years

1951	3,390
1952	3,190
1953	3,072

ELIZABETH, N. J.

MORTGAGES - By Years

1951	12,096
1952	11,997
1953	12,055

TRANSFERS - By Years

1951	14,552
1952	14,421
1953	13,632

EL PASO, TEXAS

MORTGAGES - First 10 Months

NOT AVAILABLE	
1952	3,040
1953	3,867

TRANSFERS - First 10 Months

NOT AVAILABLE	
1952	4,987
1953	5,477

GRAND RAPIDS, MICH.

MORTGAGES - By Years

1951	7,095
1952	5,995
1953	6,116

TRANSFERS - By Years

1951	9,925
1952	8,706
1953	9,478

JACKSONVILLE, FLA.

MORTGAGES - By Years

1951	10,722
1952	10,690
1953	11,469

TRANSFERS - By Years

1951	13,840
1952	13,184
1953	13,364

JERSEY CITY, N. J.

MORTGAGES - By Years

1951	6,219
1952	6,050
1953	5,947

TRANSFERS - By Years

1951	8,054
1952	7,807
1953	6,966

KALAMAZOO, MICH.

MORTGAGES - By Years

1951	3,466
1952	3,374
1953	3,571

TRANSFERS - By Years

1951	5,501
1952	5,207
1953	4,946

LITTLE ROCK, ARK.

MORTGAGES - First 11 Months

1951	3,778
1952	3,400
1953	3,798

TRANSFERS - First 11 Months

1951	5,517
1952	5,202
1953	5,540

LOUISVILLE, KY.

MORTGAGES - By Years

1951	13,050
1952	13,926
1953	15,000

TRANSFERS - By Years

1951	15,809
1952	16,602
1953	17,021

MIAMI, FLA.

MORTGAGES - First 9 Months

1951	23,704
1952	20,334
1953	23,250

TRANSFERS - First 9 Months

1951	21,906
1952	23,594
1953	25,109

**COMPARISON OF NUMBER OF REAL ESTATE MORTGAGES
AND NUMBER OF REAL ESTATE TRANSFERS FOR 1951, 1952, 1953**

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NASHVILLE, TENN.

MORTGAGES—By Years

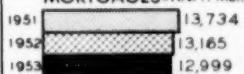


TRANSFERS—By Years



NEWARK, N.J.

MORTGAGES—First 11 Months



TRANSFERS—First 11 Months



QUEENS BOROUGH, N.Y.

MORTGAGES—By Years



TRANSFERS—By Years



OAKLAND, CALIF.

MORTGAGES—By Years



TRANSFERS—By Years



PHILADELPHIA, PA.

MORTGAGES—By Years



TRANSFERS—By Years



PORTLAND, ME.

MORTGAGES—By Years



NOT AVAILABLE

TRANSFERS—By Years



NOT AVAILABLE

READING, PA.

MORTGAGES—By Years



TRANSFERS—By Years



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AND NUMBER OF REAL ESTATE TRANSFERS FOR 1951, 1952, 1953**

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ST. PAUL, MINN.

MORTGAGES—First 8 Months

1951	5,900
1952	5,749
1953	5,718

TRANSFERS—First 8 Months

1951	7,033
1952	7,669
1953	7,820

SALT LAKE CITY, UTAH

MORTGAGES—By Years

1951	8,949
1952	7,715
1953	6,102

TRANSFERS—By Years

1951	9,427
1952	9,059
1953	6,461

SPRINGFIELD, MO.

MORTGAGES—By Years

1951	4,465
1952	4,312
1953	4,196

TRANSFERS—By Years

1951	6,132
1952	5,401
1953	5,025

SPRINGFIELD, OHIO

MORTGAGES—By Years

1951	3,777
1952	4,681
1953	4,343

TRANSFERS—By Years

1951	4,094
1952	4,322
1953	4,070

SYRACUSE, N.Y.

MORTGAGES—First 11 Months

1951	6,633
1952	6,724
1953	7,122

TRANSFERS—First 11 Months

1951	10,877
1952	11,674
1953	12,042

TOPEKA, KANSAS

MORTGAGES—By Years

1951	2,954
1952	3,543
1953	3,087

TRANSFERS—By Years

1951	5,052
1952	4,650
1953	4,171

TRENTON, N.J.

MORTGAGES—First 10 Months

NOT AVAILABLE	
1952	4,141
1953	4,739

TRANSFERS—First 10 Months

NOT AVAILABLE	
1952	6,286
1953	6,887

YOUNGSTOWN, OHIO

MORTGAGES—By Years

1951	7,521
1952	7,690
1953	8,319

TRANSFERS—By Years

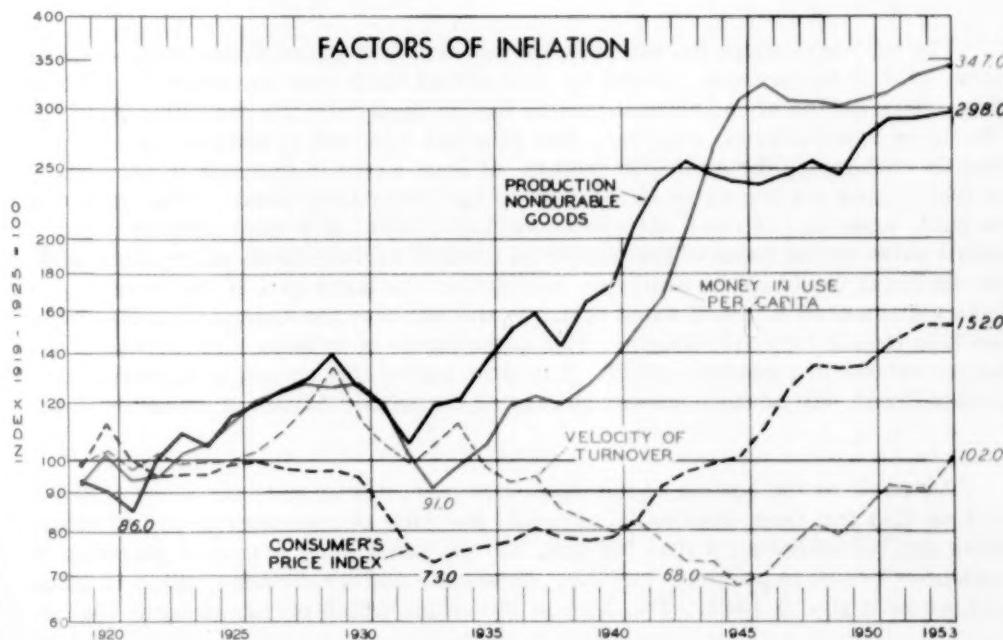
1951	8,864
1952	8,683
1953	8,819

FACTORS OF INFLATION

THE chart below shows four principal factors of inflation. The dashed blue line represents the price consumers pay for goods and services. It shows the tremendous increase in the price level since 1940. The solid blue line shows the production of nondurable goods. The rapid increases in production have helped keep inflation within bounds and have prevented the explosive price rises of some European countries.

The solid red line shows the rapidly expanding amount of money in use per capita. This is the principal cause of inflation. Whenever the amount of money in use per capita is increased faster than the supply of goods and services, everything else being equal, prices go up. The dashed red line shows the rate at which the money in use is being spent, and is generally referred to as the velocity of turnover. With the same amount of money in use, the inflationary effect can be increased or retarded by an increase or slowing down in the velocity of turnover.

It seems to us that the velocity of turnover experienced in 1953 will show some slowing down in 1954. The money in use per capita may decline slightly with a slight decline in production of nondurable goods. These factors should result in a movement of the consumers' price index by only a very small percentage, with a greater probability of a downward drift than an upward movement.



CONSUMER CREDIT AND THE BUSINESS OUTLOOK

MANY people have become increasingly alarmed at the rise in volume of consumer credit in the United States since 1944. Each succeeding year since then has shown a larger dollar volume of consumer credit outstanding, until at the end of 1953 the total outstanding amount was \$28.9 billion. This represented an increase of slightly more than \$3 billion during the 12-month period.

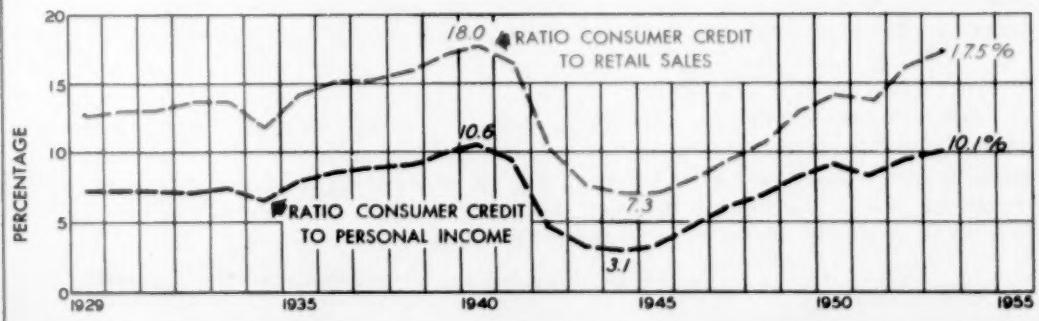
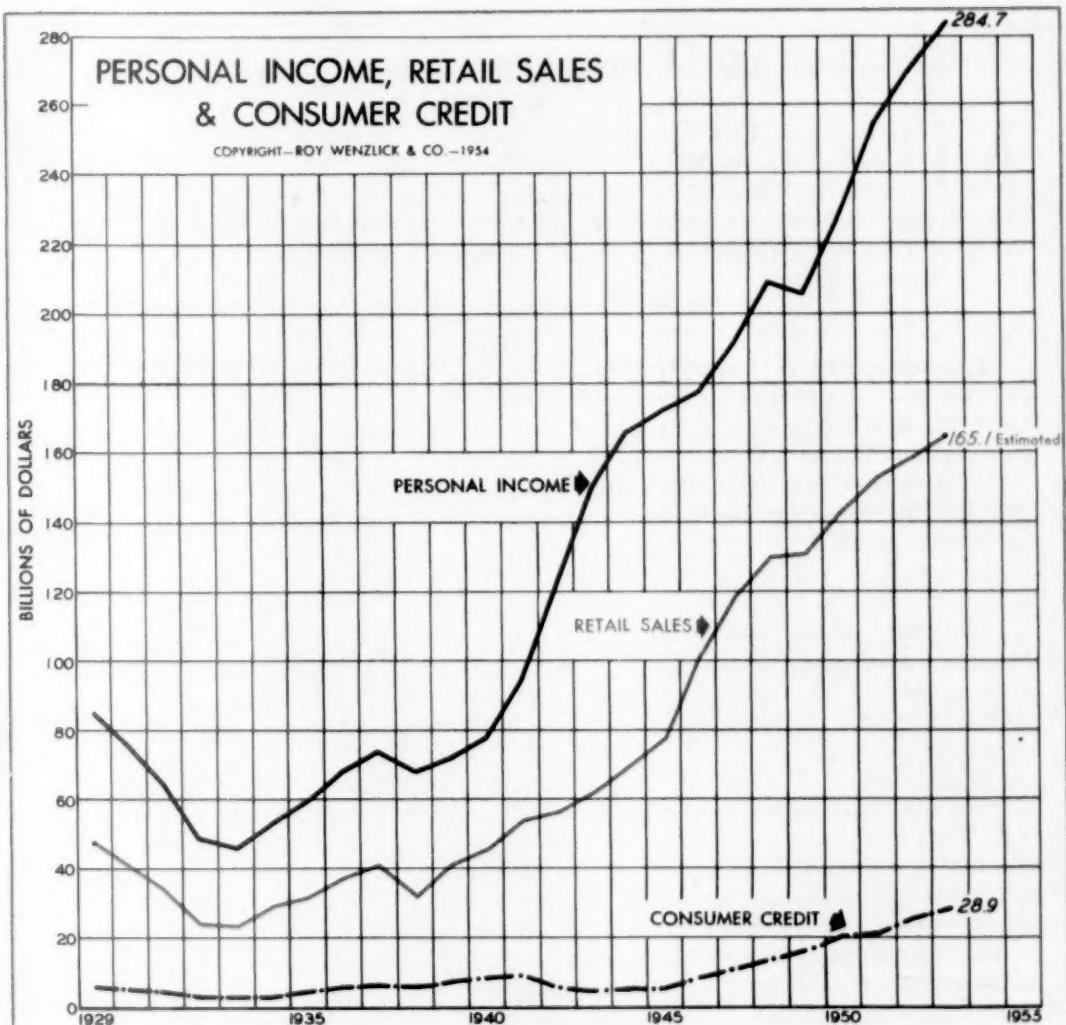
Consumer credit, however, cannot be considered by itself. If retail trade doubles in a period of years, we would normally expect consumer credit to double, and there would be no great cause for alarm in the doubling unless retail credit were unusually heavy at the beginning of the period. In much the same manner, a doubling in personal income would normally be accompanied by a rather large increase in consumer credit, but this would not indicate that consumer credit had been overextended.

The chart on the opposite page, therefore, shows the comparison of personal income, retail sales and consumer credit in billions of dollars from 1929 to the present, and in the small panel at the bottom of the chart expresses consumer credit as a ratio to retail sales and to personal income.

The top chart shows the way personal income in the United States has increased from 1934 to the present. It will be noticed that there have been only 2 years in this entire period when personal income has dropped from the preceding year. It should be remembered, however, that this was a period in which we were constantly cheapening the American Dollar. At least a part of this rise is illusionary in that it does not represent an increase in real purchasing power. The same can be said, however, of retail sales and consumer credit. If it were possible to chart retail sales on the basis of the number of units of various items which were sold, the increase would not be nearly so spectacular. A large part of the increase we have experienced in retail sales is due to the fact that the American Dollar buys far less than it formerly bought. This same factor of inflation has increased the dollar volume of consumer credit. It is quite logical that as prices advance, consumer credit will advance without increasing the general burden of consumer debt.

The panel at the bottom of the page, however, really tells the story. From this we find that from 1944 to the present, the ratio of consumer credit to retail sales has increased each year but one, and the same thing is true of the ratio of consumer credit to personal income. However, neither of these ratios is quite so high as it was in 1940. The drop in the ratios which occurred from 1940 to

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1944 was quite drastic, but was probably due to the fact that many consumer durable goods were not available for sale because of the war. It does not necessarily follow, therefore, that the present high point would be followed by a rapid contraction similar to that which occurred after the high point in 1940.

It seems realistic, however, to assume that in view of increasing unemployment and some weakness in price, the rapid increases we have had in the consumer credit ratios are coming to an end, and that in the period immediately ahead, consumer debt will be repaid at a rate probably exceeding the rate at which new debt will be contracted.

If this be true, retail sales might fall slightly faster than personal income during the remainder of 1954.